

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2017/2018

DFB5018 – FUNDAMENTALS OF BUSINESS

(All sections / Groups)

12 OCTOBER 2017

2.30 p.m - 4.30 p.m

(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of NINE (9) pages excluding the cover page.
2. Answer ALL questions in Section A, B, C and D.
3. Answers for Section A and B should be shaded on the OMR sheet provided.
4. For Section C and D: Please write your answers in the answer booklet provided.

SECTION A: MULTIPLE CHOICE QUESTIONS (each question carries 1 mark).

Answers for this section should be shaded on the OMR form.

1. Which of the following terms refers to the examination of a company's accounting system to determine whether its financial reports fairly represent its operations?
 - A. Preliminary investigation.
 - B. Forensic accounting.
 - C. Portfolio analysis.
 - D. Audit.
2. Recording of financial transactions is known as _____.
 - A. bookkeeping
 - B. accounting
 - C. controlling
 - D. budgeting
3. _____ is an economic resource that is expected to benefit a firm or individual who owns it.
 - A. Asset
 - B. Liability
 - C. Equity
 - D. Account
4. The accounting method for distributing the cost of an asset over its useful life is known as _____.
 - A. liquidity
 - B. depreciation
 - C. bookkeeping
 - D. budgeting
5. Which of the following formula is **CORRECT**?
 - A. $\text{Assets} = \text{Current Assets} + \text{Current Liability}.$
 - B. $\text{Assets} = \text{Fixed Assets} - \text{Owner's Equity}.$
 - C. $\text{Assets} = \text{Total Assets} - \text{Total Liability}.$
 - D. $\text{Assets} = \text{Total Liability} + \text{Owner's Equity}.$
6. What are the major categories within an income statement?
 - A. Current revenue, long-term revenue, and net revenue.
 - B. Revenue, sales, and income.
 - C. Assets, liabilities, and owners' equity.
 - D. Revenues, cost of revenues, operating expenses, and net income.

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7. Which of the following **BEST** illustrates cash flow from operations?
- A. The revenue from selling bread at a local bakery.
 - B. The revenue from selling stocks by an insurance company.
 - C. The revenue from new investors in a software start-up.
 - D. The revenue from issuing stock by a financial management firm.
8. Rainbow Technology Sdn Bhd is a IT service company that has been in business for a few years, but has not employed a controller or anyone else full-time to keep track of its financial state. The company needs to take a good look at its financial state to determine whether it needs to make any changes in its practices, in order to prevent possible financial meltdown. Which of the following questions would a balance sheet **NOT** be able to help answer about the current state of Rainbow Technology Sdn Bhd?
- A. Is it a good time for the business to grow?
 - B. Does the company have too many employees?
 - C. Can the company take on more debt?
 - D. What is the value of the company's assets?
9. A certified fraud examiner (CFE) is _____.
- A. a specialized managerial accountant concerned with issues of fraud
 - B. a specialized certified public accountant concerned with issues of fraud
 - C. a specialized forensic accountant concerned with issues of fraud
 - D. an accounting agent concerned with issues of fraud
10. Which of the following refers to the financial statement detailing a firm's assets, liabilities, and owners' equity?
- A. Income statement.
 - B. Statement of cash flows.
 - C. Balance sheet.
 - D. Expense report.
11. ATM is the acronym of _____.
- A. All Time Money
 - B. Automated Teller Machine
 - C. Automated Time Machine
 - D. Any Time Money
12. Money frees society from a system of barter. In doing so, money is performing which of the following functions?
- A. Store of value.
 - B. Medium of exchange.
 - C. Unit of account.
 - D. Determination factor.

Continued...

13. In Malaysia, which of the following agency protect depositors against the loss of their insured deposits placed with member institutions in the event of a member institution failure?
- A. The Association of Banks in Malaysia.
 - B. Ministry of Finance Malaysia.
 - C. The Central Bank of Malaysia.
 - D. Malaysia Deposit Insurance Corporation.
14. Which of the following is **NOT** an example of a commercial bank?
- A. Affin Bank Berhad.
 - B. Agro Bank Malaysia.
 - C. Malayan Banking Berhad.
 - D. Hong Leong Bank Berhad.
15. Linda is saving RM25 a week toward getting a new gold ring. Which function of money does this illustrate?
- A. Stabilization of value.
 - B. Foundation of banking.
 - C. Medium of exchange.
 - D. Store of value.
16. When buying from a supplier in China, Sinar Mentari Sdn Bhd, based in Melaka, has arranged for its bank to pay the supplier the cost of the desired material when it has passed customs in Malaysia. Which of the following terms is this type of bank promise called?
- A. Banker's acceptance.
 - B. Bank trust service.
 - C. Certified check.
 - D. Letter of credit.
17. The BMIC Bank performs such tasks as making monthly bill payments, managing investment portfolios, and managing the estates of deceased persons. What are such services called?
- A. Special banker's services.
 - B. Financial advice services.
 - C. Public services.
 - D. Trust services.

Continued...

18. "Money is light and easy to handle."

The above statement **BEST** describes which of the following characteristics of money?

- A. Portability.
- B. Durability.
- C. Stability.
- D. Divisibility.

19. Which of the following is **NOT** a primary tool for controlling the money supply?

- A. Taxation.
- B. Reserve requirements.
- C. Discount rate controls.
- D. Credit controls.

20. Which of the following reasons is the primary motivator for a commercial bank to acquire new depositors?

- A. A new deposit account will make more funds available to pay the interest on other deposit accounts.
- B. A new deposit account will make more funds available to pay the bank's employees.
- C. A new deposit account will make more funds available to give out in loans.
- D. A new deposit account will make more funds available to give out in dividends to its investors.

21. _____ is an organisation of individuals coordinated to provide an institutional setting in which stock can be bought and sold.

- A. Stock exchange
- B. Brokerage
- C. Server
- D. Over-the-counter market

22. If you purchased a share of Public Bank stock for RM33.82, then sold it one year later for RM36.50, what would the price appreciation be?

- A. RM 1.68
- B. RM 2.68
- C. RM 33.82
- D. RM 36.50

23. What is a stock's market value?

- A. The current price of a share of stock in the stock market.
- B. The average price of one share of stock over the past year.
- C. The face value of a share of stock, set by the issuing company's board of directors.
- D. The price of the stock plus the previous year's dividend.

Continued...

24. Sunny is a 23-year-old chef. He eventually wants to get married, raise a family, and buy a house. He knows that he has to start putting money away so that his goals can someday become a reality. He has heard that investing is risky because you can lose money as well as make money. So Sunny decides to play it safe and deposit money in a bank on a regular basis. Why might this not be his best strategy?
- A. Stock investments will always result in high returns.
 - B. It pays to take chances with your money.
 - C. You can actually lose money with bank savings due to inflation and taxes.
 - D. People usually benefit from risky investments.
25. What is the term for buying several different kinds of investments rather than just one?
- A. Management.
 - B. Sorting.
 - C. Margin buying.
 - D. Diversification.
26. The stock of Genting Berhad is being bought up by an individual who intends to take over Genting and sell off its assets for a profit. What is the individual in this scenario called?
- A. Angel investor.
 - B. Corporate raider.
 - C. Inside trader.
 - D. Stock broker.
27. Which of the following is the name for a portion of the ownership of a corporation?
- A. Dividend.
 - B. Stock.
 - C. Partnership.
 - D. Limited Liability.
28. The time it takes to double an investment can be estimated by using which of the following?
- A. Book value.
 - B. The Rule of 72.
 - C. Blue-chips.
 - D. Dividends.

Continued...

29. Ninja Motors has begun to sell corporate securities. Ninja is required by law to offer future investors the opportunity to read a document that contains complete information on both the new issue and the corporation itself. What is that required document called?
- A. Book report.
 - B. Affidavit.
 - C. Prospectus.
 - D. Corporate profile.
30. New stocks and bonds are sold in which market?
- A. Private placement market.
 - B. Secondary market.
 - C. Primary market.
 - D. Tertiary market.

[TOTAL 30 MARKS]

SECTION B: TRUE/FALSE QUESTIONS (each question carries of 1 mark).

Answers for this section should be shaded on the OMR form.

Mark "A" for the TRUE statement and "B" for the FALSE statement.

31. An audit examines whether a firm's financial statement conforms to generally accepted accounting principles.
32. The accountant to a local bakery would classify the buying of a new oven as "Cash flows from investing" on her statement of cash flows.
33. Revenue from the earnings of a particular transaction is able to be reported as soon as the product or service is delivered.
34. As the government's bank, The Central Bank produces the nation's paper currency and lends money to the government.
35. Money deposited into a commercial bank has the potential of increasing the overall money supply.
36. Trade balance indicates the relative strength of the currencies of two countries.
37. The largest stock exchange in the world is the Tokyo exchange.
38. Stock brokers earn commissions from the individuals and organisations for whom they place orders.
39. Mutual funds are traded in securities markets.
40. Dividend payments are optional and variable. The corporation's CEO decides whether and when a dividend will be paid, as well as the amount that is best for the future of the company's employees.

[TOTAL 10 MARKS]

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SECTION C: FILL IN THE BLANK QUESTIONS (each answer carries of 1 mark).*Answers for this section should be written on the answer booklet provided.*

Tangible	Promotion	Branding	Substitute	Hardware
Productivity	Value	Spyware	Distribution	Convenience

41. The formula for _____ is benefits divided by costs.
42. _____ products may not look alike or they may seem very different from one another, but they can fulfil the same need.
43. _____ goods are inexpensive and are purchased often and with little input of time and effort.
44. _____ is a process of using names and symbols, like McDonald's golden arches, to communicate the qualities of a particular product made by a particular producer.
45. The ultimate objective of any _____ is to increase sales.
46. The _____ mix is the combination of channels that a firm selects to get a product to end users.
47. Physical components of a computer network is known as _____.
48. Users who are unaware that their computer activities will be monitored would download _____.
49. Firms that make only _____ products are engaged in goods production.
50. _____ is a measure of economic performance.

[TOTAL 10 MARKS]**Continued...**

SECTION D: STRUCTURED QUESTIONS

Answer ALL questions. Answers should be written on the answer booklet provided.

QUESTION 1

- a. Differentiate between goods production and service operations. (2 marks)
- b. State and describe at least **THREE (3)** of the most commonly used tools for Total Quality Management (TQM). (6 marks)
- c. List all the **FIVE (5)** material management activities for physical goods. (5 marks)

QUESTION 2

- a. Explain the difference between demographic variables and psychographic variables. (2 marks)
- b. Identify the **FIVE (5)** steps involved in performing a market research. (5 marks)
- c. Briefly describe the term 'social networking' and provide at least **THREE (3)** examples of social networking media. (5 marks)

QUESTION 3

- a. Describe what marketers do at trade shows. (2 marks)
- b. State the **FIVE (5)** most powerful promotional tools. (5 marks)
- c. List and describe the **THREE (3)** personal selling tasks. (6 marks)

QUESTION 4

- a. What does a hacker do? (2 marks)
- b. Describe the **THREE (3)** ways in which businesses protect themselves from the threats and risks information technology poses. (6 marks)
- c. List at least **FOUR (4)** impacts of information technology. (4 marks)

[TOTAL 50 MARKS]

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